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Option Concept Summary SFY 2010 & SFY 2011

Title: Infrastructure Improvements for Community Services to Prevent Institutionalization

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Program: Medicaid

Legislation Required / Statutory Reference: 17b-342 (Connecticut Home Care Program for the Elderly); 17b-360 (Money Follows the Person)

Brief Description of Change: The segment of the Connecticut population age 85 and older is the fastest growing portion of the state population. In addition, there are more persons living longer with disabilities than at any point in our history. The urgent nature of the problem is multiplied by the aging baby boomer population. To sustain the potential growth in the population that will require state assistance with long term care, we must re-double our efforts to restructure the financing in our system away from institutional care in favor of lower cost home and community based options.

These options already exist in the home and community based waivers for the elderly, adults with disabilities, persons with acquired brain injuries, persons with developmental disabilities, etc. The list will be expanded in the future to serve persons with persistent mental illness, persons with autism, persons with HIV, etc. In addition, the Money Follows the Person program will begin to actually place current nursing facility residents into the community during SFY 2009. Applications will be available at the beginning of December, 2008, and applicants on Money Follows the Person will begin transitioning at the beginning of calendar year 2009.

However, these waivers are diagnosis specific and require the recipients to be at a nursing facility level of care in order to qualify for community services. What we need to move to is a more comprehensive approach that will intervene with a flexible benefit package for at-risk populations prior to or at the point of their application for nursing facility placement.

Up until the passage of the Deficit Reduction Act (DRA), there has not been a vehicle for states to receive Medicaid matching funds for community-based services delivered to persons with a broad spectrum of disability diagnoses. In addition, reimbursement issues associated with the nursing shortage have often made even state plan services for this population inaccessible.

Under this proposal, the Department would expand the options for community services in a number of ways with the goal of achieving a reduction of 200 nursing beds by the end of State Fiscal Year 2011. In order to achieve this goal as quickly as possible, the Department will use the flexibility in the State Plan process with the exception of one amendment to the existing

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Connecticut Home Care Program. A new cross-disabilities waiver is also included here to reflect the overall coordination of these activities with the goals of Money Follows the Person.

Selected program components could be included as the required rebalancing goals in the Money Follows the Person Demonstration.

These program components include:

1. The adoption of the 1915(i) home and community based services state plan option to allow a targeted number of individuals with household incomes below 150% of the federal poverty level to receive home and community based services based on a functional assessment that does not have to meet the criteria for nursing home admission. Under the option that state can limit the number of individuals receiving the service and can define the functional criteria. Done appropriately, this option can largely replace new initiatives that require waiver approval for lower income populations (i.e. <150% FPL).
2. The adoption of the 1915(j) self-directed personal care assistance state plan option to allow individuals to hire and self-direct their home care personnel, including legally liable relatives. Expanded use of PCAs under this option will relieve the pressure on nursing shortages and increase the number of individuals who will not need to be considered for nursing home placement.
3. Under both options [1915(i) and 1915(j)], individuals would be eligible for home and community services as long as the plan of care that was developed clearly indicated that services delivered would forestall the need for nursing home placement by a minimum of six months.
4. The adoption of a strategy to address the direct workforce shortage includes targeted increases in reimbursement for certain services that play a key role in community based delivery system (i.e. adult day care, PCA, home health aide, etc.).
5. The addition of PCA services as a covered waiver service in the Connecticut Home Care Program for elders. Currently these services can be covered but only as a state-funded pilot program with no federal Medicaid match. It is estimated that \$100,000 will be needed to develop this waiver.
6. Expansion of the existing nursing facility transition program to include 5 additional full time staff (total 10) to focus on moving people back to the community during the first six months of admission to the nursing facility. The longer an individual is institutionalized the more difficult it is for the individual to return to the community. This critical task is to assist persons at risk of long term institutionalization in establishing services within the community to prevent them from entering a nursing home. Additional staff would support assessment of nursing facility residents after 45 days of nursing facility admission. Assessments would identify persons who are no longer at the nursing facility level of care and community options with transition plans for those who would like to receive care in the community as an alternative.

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7. An additional \$1,000,000 in annual funding would be available for adult day care and other community services which would retain individuals in the community. The funding would be available for, but not be limited to, rate enhancements and innovative programming that would expand the number of individuals retained in their homes.

The Department will be reviewing, analyzing, and coordinating all of its waiver programs to develop a comprehensive set of services which utilizes community care as the basis for assisting the elderly through a restructured waiver system. Resources from all waiver programs will be reviewed and integrated to achieve a more cost effective service delivery system.

Current Policy: Current waivers have only limited opportunities for self-direction and do not include the flexibility inherent in the cash and counseling model.

Program Impact: The target for restructuring as a result of these efforts would be to reduce the Medicaid nursing home population by 200 beds by the end of SFY 2011.

Other Considerations (State Plan Amendment, Waiver required):
See above

Fiscal Impact:

	<u>SFY 2010</u>	<u>SFY 2011</u>
Costs:	\$165,817	
Savings:		(\$4,853,225)
Revenue Impact:	\$82,909	(\$2,426,661)

Potential Implementation Date: The Department will begin working on a delivery package once the option has been submitted to the legislature. By starting early, we would hope to have the nursing home diversion portion of the option implemented by January 1, 2010. Rate enhancements for community services can be increased effective January 1, 2010.

Infrastructure Improvements for Community Services to Prevent Institutionalization SFY 2010 & SFY 2011

Calculation of Home Care Costs										Calculation of Nursing Facility Savings			Net Cost/(Savings)
	# of New PCA Clients	One Year Diversion Ends	Cumulative New PCA Clients	Cost per Month per Slot	Home Care Costs per Month	Community Svcs Rate Enhancement	Cost of Waiver	Total Cost per Month	Cumulative NF Diversions	Savings per Month per Slot	Total Savings		
Jul 09	0		0										
Aug 09	0		0										
Sep 09	0		0										
Oct 09	0		0										
Nov 09	0		0										
Dec 09	0		0										
Jan 10	5		5	1,966	9,830	83,333	16,667	109,830	5.0	(6,644)	(33,220)	16,667	
Feb 10	5		10	1,966	19,660	83,333	16,667	119,660	10.0	(6,644)	(66,440)	76,610	
Mar 10	5		15	1,966	29,490	83,333	16,667	129,490	15.0	(6,644)	(99,660)	53,220	
Apr 10	5		20	1,966	39,320	83,333	16,667	139,320	20.0	(6,644)	(132,880)	29,830	
May 10	5		25	1,966	49,150	83,333	16,667	149,150	25.0	(6,644)	(166,100)	6,440	
Jun 10	5		30	1,966		83,333			30.0	(6,644)		(16,560)	
Total SFY 2010					147,450	416,667	100,000	664,117			(498,300)	165,817	
Jul 10	14		44	2,228	58,980	83,333		142,313	44.0	(7,049)	(199,320)	(57,007)	
Aug 10	14		58	2,228	98,032	83,333		181,365	58.0	(7,049)	(310,156)	(128,791)	
Sep 10	14		72	2,228	128,224	83,333		212,557	72.0	(7,049)	(408,862)	(186,285)	
Oct 10	14		86	2,228	160,416	83,333		243,749	86.0	(7,049)	(507,528)	(263,779)	
Nov 10	14		100	2,228	191,608	83,333		274,941	100.0	(7,049)	(606,214)	(331,273)	
Dec 10	14		115	2,228	222,800	83,333		306,133	115.0	(7,049)	(704,900)	(398,767)	
Jan 11	14	(5)	124	2,228	256,220	83,333		339,557	124.0	(7,049)	(810,635)	(471,082)	
Feb 11	14	(5)	133	2,228	276,272	83,333		379,605	133.0	(7,049)	(937,471)	(514,471)	
Mar 11	14	(5)	142	2,228	296,324	83,333		419,657	142.0	(7,049)	(1,064,517)	(557,860)	
Apr 11	14	(5)	151	2,228	316,376	83,333		459,709	151.0	(7,049)	(1,191,569)	(601,249)	
May 11	14	(5)	160	2,228	336,428	83,333		499,761	160.0	(7,049)	(1,318,611)	(644,638)	
Jun 11	15	(5)	170	2,228	356,480	83,333		539,813	170.0	(7,049)	(1,445,653)	(688,027)	
Total SFY 2011					2,699,160	1,000,000		3,699,160			(8,552,385)	(4,853,225)	
Assumptions:													
200 persons will be diverted from nursing home care by the end of 2011.													
Nursing home diversions start in January, 2010.													
Nursing home diversions last for one year.													
Savings and costs are estimated using a one-month payment lag.													
The average cost per month for home care is assumed to be \$1,966 in SFY 2010 and \$2,228 in SFY 2011.													
SFY 2009 - 12 prior months average													
SFY 2010 - 3% increase													
SFY 2011 - 3% increase													
The average cost per month for a nursing facility is assumed to be \$6,644 in SFY 2010 and \$7,049 in SFY 2011.													
SFY 2009 - daily rate as of 1/1/2008 Rate Promulgation System													
SFY 2010 - 3% rate inc plus 9.64% rebasing													
SFY 2010 average monthly NF rate													
SFY 2011 - 3% rate inc plus 3% DRI													
SFY 2011 average monthly NF rate													

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